

# **Medicare Prescription Drug Coverage**

*Your Guide to the Basics*

## **What's New in Medicare?**

- New preventive benefits
- Prescription drug coverage starting January 1, 2006
- New health plan options

Let's talk about how Medicare is changing.

The changes include:

New preventive benefits

Prescription drug coverage starting January 1, 2006, and

New health plan options

## **Help with Prescription Drug Costs**

### **Two steps**

1. Medicare-Approved Drug Discount Cards
  - Temporary program (2004–2005) to help until coverage is available
2. Prescription drug coverage begins January 1, 2006

Medicare will provide more information about all of these new benefits and new options. The most important change in the new law is the benefit to help people with Medicare with their prescription drug costs.

The first step of this help is the Medicare-approved Drug Discount Card. This is a temporary program to help people with Medicare until prescription drug coverage is available January 1, 2006.

People with Medicare can still obtain a drug discount card by either calling 1-800-MEDICARE or going to Medicare's [medicare.gov](http://medicare.gov) website to apply for a discount card.

## **Who Can Join?**

- Drug coverage is for all people with Medicare
- All will have access to at least two Medicare prescription drug plans
- Extra help for people with limited resources
- Most people with Medicare must choose and enroll in a Medicare prescription drug plan to get drug coverage

Medicare prescription drug coverage is a tremendous benefit, especially for those who currently have no coverage for their prescription drugs.

The drug coverage is for all people with Medicare, and all people with Medicare will have access to at least two Medicare prescription drug plans. There is extra help for people with limited income and resources.

Most people with Medicare must choose and enroll in a Medicare prescription drug plan to get drug coverage.

## **Why Join a Plan?**

- Medical practice relies on new drug therapies to treat chronic conditions
- Out-of-pocket spending on drugs has increased
- Most people need or will need prescription drugs to stay healthy
- Medicare insurance coverage for prescription drugs will protect from high out-of-pocket costs
- For most people, joining when first eligible means paying the lowest monthly premiums

Medical practice has come to rely more and more on new drug therapies to treat chronic conditions and out-of-pocket spending on drugs has increased dramatically.

Most people with Medicare currently need or will come to need prescription drugs to stay healthy. Medicare insurance coverage for prescription drugs will protect from high out-of-pocket costs.

For most people, joining when first eligible means paying the lowest monthly premiums.



## **Test Yourself**



**Q.** Who can get Medicare prescription drug coverage?



## Test Yourself



- Q.** Who can get Medicare prescription drug coverage?
- A.** Medicare prescription drug coverage will be available to everyone with Medicare. Extra help will be available for people with low incomes and limited resources. People with Medicare will have access to at least 2 prescription drug plans.

## **Enrolling in a Plan**

People with Medicare can:

- Enroll directly with the plan
- Have a personal representative enroll them
- Ask others to help them enroll

People with Medicare can enroll themselves directly in a plan. They can use a personal representative that has the legal authority to enroll them, or they can ask others to help them enroll.

Plans are required to process applications in a timely manner, and the plan must notify the applicant of acceptance or denial of the enrollment request.



## **When to Enroll**

- Join between November 15, 2005, and December 31, 2005
  - Coverage will begin on January 1, 2006
- Join between January 1, 2006, and May 15, 2006
  - Coverage will begin the first day of the month after the month joined

When can people begin to enroll in a Medicare prescription drug plan?

If a person currently has Medicare Part A or Part B, he or she can join a Medicare prescription drug plan between November 15, 2005, and May 15, 2006. If they join by December 31, 2005, coverage will begin on January 1, 2006. For those who join after that, coverage will be effective the first day of the month after the month they enrolled.

Joining when the person is first eligible means that he or she will pay a lower monthly premium.

## **Medicare Prescription Drug Coverage**

- Coverage begins January 1, 2006
- Available for all people with Medicare
- Provided through:
  - Prescription drug plans
  - Medicare health plans
  - Some employers and unions for retirees

Let's talk a little more about this Medicare prescription drug coverage.

Medicare will contract with prescription drug plans to negotiate discounted prices on behalf of their enrollees.

Most people with Medicare who enroll in a Medicare prescription drug plan before the end of December 2005, will have their drug coverage effective January 1, 2006.

Some people with Medicare can also receive drug benefits through their Medicare health plan, HMO or PPO, if they are enrolled in one. Other Medicare beneficiaries may receive their drug benefits through their retirement coverage.

## **How the Plans Work**

- Must offer basic drug benefit
  - Standard benefit
- May offer supplemental benefits
  - Enhanced benefit
- Can be flexible in benefit design
- May begin marketing in October 2005
- Must follow marketing guidelines

Medicare prescription drug plans must offer basic drug coverage equivalent to what we call the standard benefit. They may choose to offer more coverage for a higher premium.

The plans have flexibility in how they design their prescription drug coverage.

The plans can begin marketing October 2005; they must follow Medicare's marketing guidelines.

## **What it Costs...How it Works**

- Pay a premium of about \$37 each month
  - In addition to Part B premium
  - Enhanced benefit may cost more
- Pay a yearly deductible up to \$250
- Pay part of the cost of covered prescription drugs

Here is what it will cost and how the standard drug benefit will work in 2006.

People will have to pay a premium each month. The premium for 2006 will be about \$37 a month for standard coverage. This is in addition to the monthly Part B premium. Some plans may charge more for additional coverage. Medicare also pays a monthly amount to the plan.

First, the person pays a yearly deductible of up to \$250 for his or her covered prescription drug costs.

After meeting the deductible, the person pays part of the cost of covered prescription drugs and Medicare pays part.

## Things to Consider

- Look over current health insurance coverage
  - Are prescription drugs covered?
  - What are the out-of-pocket costs?
  - Is there prescription drug coverage through a former employer or union?
- Are there limited resources?

As we've said, Medicare will soon offer prescription drug coverage to all people with Medicare. Most people will be able to get this coverage through Medicare prescription drug plans. Medicare will also work with employers and unions to ensure that people who currently receive drug coverage through their former employer or union can continue to do so. Most people with Medicare must choose and enroll in a Medicare prescription drug plan in order to get this prescription drug coverage. Here's how people with Medicare can take advantage of this new option:

Look over current health insurance coverage. Are prescription drugs covered? What are the out-of-pocket costs?

Does the person with Medicare have prescription drug coverage through a former employer or union?

Does the person have low income and limited resources? He or she might qualify for a Medicare prescription drug plan with little or no premiums or deductibles and low copayments.



## Test Yourself



**Q.** When will Medicare prescription drug coverage begin?



## **Test Yourself**



- Q.** When will Medicare prescription drug coverage begin?
- A.** Prescription drug coverage can begin as early as January 1, 2006

## **What About Medigap Drug Coverage?**

- Some Medigap plans have a drug benefit
- If the Medigap plan does **not** have drug benefits
  - The Medigap coverage will not change

Some people with Medicare have Medigap policies. These are policies that cover some of the costs that are not covered by Medicare. In most states (except for Minnesota, Massachusetts, and Wisconsin), these standardized policies are called Medigap Plans A through J. Some of these Medigap plans, H, I, and J, have drug benefits.

If a person is in a Medigap plan that does not have drug benefits, the Medicare drug coverage will not change.



## What About Medigap Drug Coverage?

- If Medigap plan **has** a drug benefit
  - You can:
    - Keep the current Medigap drug benefit
    - OR**
    - Enroll in a Medicare prescription drug plan to get drug coverage

If the person is in a Medigap plan that **has** a drug benefit, he or she can keep the current Medigap drug benefit **or** choose to enroll in a Medicare prescription drug plan to get drug coverage. He or she can keep the Medigap supplemental coverage.

## **Medicare Health Plans**

- Some people get Medicare benefits through a Medicare Health plan
- People enrolled in a Medicare Health plan that is an HMO or PPO can receive their drug coverage through that plan

Some people get their Medicare benefits through a Medicare Health plan. You may have heard these plans called Medicare Advantage plans.

People enrolled in a Medicare Health plan, such as an HMO or PPO, can receive their Medicare drug coverage through their plan.

## **How it Works for Retirees**

- A retiree has a choice as to whether to enroll in a Medicare drug plan
- Former employers or unions will provide more information to retirees before the drug coverage begins in 2006
- Employers may choose to work with Medicare to offer a variety of retiree drug benefit options including taking a federal subsidy

Let's take a look at how this works for people who have prescription drug coverage through a retirement or union plan.

A retiree may have a choice as to whether to enroll in a Medicare prescription drug plan or continue to receive their coverage offered by their former employer or union. Employers and unions may choose to work with Medicare in a variety of ways. Their decisions for 2006 will affect the choices their retirees should consider.

Former employers or unions will provide more information to retirees before the drug coverage begins in 2006.

Medicare is working with employers and unions to ensure that people who currently receive drug coverage through their former employer or union can continue to do so. Employers who provide prescription drug benefits that are at least as good as the Medicare drug coverage may choose to get a federal subsidy. This subsidy will cover some of the companies' drug costs, as long as their retirees don't enroll in a Medicare prescription drug plan.

## **Extra Help for Some People**

- Those with limited resources
  - Get extra help with their Medicare drug plan cost
- Those with lowest incomes
  - Pay no premiums or deductibles
  - Pay small or no copayments
- Those with slightly higher incomes
  - Pay reduced deductible
  - Pay a little bit more out of pocket.

Many people with limited income and resources will get extra help with their Medicare drug plan costs. People with the lowest incomes will pay no premiums or deductibles, small or no copayments. Those with slightly higher incomes and limited resources will have a reduced deductible and pay a little bit more out of pocket.

Many older and disabled Americans cannot afford to pay for the prescription drugs they need. This help will ensure that they can get the drugs they need through a Medicare prescription drug plan starting January 1, 2006.

## **To Get Help Paying the Cost of Prescription Drug Plans**

- Person with Medicare must:
  - Reside in the United States
  - Meet the income and resource requirements of the subsidy program
  - Be enrolled in Medicare

To get this help he or she must:

- Reside in the United States;
- Meet the income and resource requirements of the subsidy program; and
- Be enrolled in Medicare (have Medicare Part A or Part B).

## **To Get This Help**

- Person does not have to do anything
  - If currently receiving benefits from both Medicaid and Medicare  
or
  - Receiving Supplemental Security Income benefits and Medicare
- Information will come in the mail from Medicare
  - Explaining eligibility for this coverage, and
  - What he/she should do this fall to enroll in a Medicare plan that offers prescription drug coverage

If a person is currently receiving benefits from both Medicaid and Medicare, either those who receive Medicare and Medicaid as a full benefit dual eligible or someone who is in one of the Medicare Savings Programs, or a person is receiving Supplemental Security Income benefits and has Medicare, he or she does not have to do anything. Medicare will recognize this person as being able to get the extra help.

Soon information will come in the mail from Medicare telling these people of their eligibility for this help and what they need to do this Fall to enroll in a Medicare plan that offers prescription drug coverage.

All other persons with limited incomes and resources will need to apply for extra help with their prescription drug costs.

## **To Get This Help**

- Person with Medicare must have
  - Annual income less than \$14,355 (single)
  - Annual income less than \$19,245 (married)
- AND
- Limited resources
- Application will come from Social Security Administration
- Mail completed application to Social Security Administration
- Will need to enroll in a plan in the fall

If a person is single and has annual income in 2005 of less than \$14,355, or if they are married and the combined income is less than \$19,245 AND they have limited savings and investments, they should apply for help with Medicare prescription drug plan costs.

Applications for this help will be sent out by the Social Security Administration, along with a pre-addressed, postage-paid return envelope. People need to complete the application and send it back to the Social Security Administration. It is important to use the original application form, not a photocopy. The Social Security Administration will notify applicants by mail that they are eligible for this help.

Remember, it's important to remind these persons that they will need to enroll in a Medicare plan that offers prescription drug coverage this Fall. Information from Medicare will be mailed to them that explains the enrollment process.

People may also apply for the extra help through their State.



## Test Yourself



**Q.** True or False?

Medicare prescription drug coverage is only for people with low incomes and limited resources.





## Test Yourself



**Q.** True or False?

Medicare prescription drug coverage is only for people with limited incomes and resources.

**A. False**

Medicare prescription drug coverage will be available to everyone with Medicare. Extra help will be available for people with limited incomes and resources.

## **Important Dates**

- **October 2005**
  - *Medicare & You 2006* mailed
- **October 13, 2005**
  - Begin comparing plans
    - [www.medicare.gov](http://www.medicare.gov)
    - 1-800-MEDICARE

Let's look at some important dates to remember:

The *Medicare & You 2006* handbook will be mailed out in October 2005. This handbook will have detailed information on the plans available in each area.

On October 13, 2005, begin comparing plans at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE.

## **Important Dates**

- **November 15, 2005**  
Begin enrolling in plans
- **January 1, 2006**  
Prescription coverage begins
- **May 15, 2006**  
Open enrollment ends

People with Medicare can begin enrolling in the plan of their choice on November 15, 2005. People can join a plan between November 15, 2005, and May 15, 2006.

People who enroll before December 31, 2005 will have prescription drug coverage beginning on January 1, 2006.

People who enroll after that will have coverage beginning the first day of the month after the month they join.

After May 15, 2006, people can only join a Medicare prescription drug plan from November 15 to December 31 of each year except in special circumstances.



## Test Yourself



**Q.** When can people with Medicare begin comparing prescription drug plans?



## Test Yourself



- Q.** When can people with Medicare begin comparing prescription drug plans?
- A.** The *Medicare & You 2006* handbook will be mailed out in October 2005. This handbook will have detailed information on the plans available in each area.

On **October 13, 2005**, people with Medicare can begin comparing prescription drug plans by calling **1-800-MEDICARE**.

## More Information in 2005

- Targeted brochures, fact sheets, and tip sheets
  - Nationally available in English and Spanish
- *Medicare & You 2006* mailed
  - Lists prescription drug plans available in each area
- Personalized information available at
  - [www.medicare.gov](http://www.medicare.gov)
  - 1-800-MEDICARE (1-800-633-4227)

Throughout 2005, Medicare will provide general information, including information on how to choose and join the right plan.

Targeted brochures, fact sheets, and tip sheets will be nationally available in English and Spanish, with some available in Chinese, Korean, Vietnamese, and Russian. Other language support will be available at the community level.

As we said before, *Medicare & You 2006* will be mailed to all people with Medicare. It will list the Medicare prescription drug plans available in each area.

Personalized information will be available at [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE (1-800-633-4227)

State Health Insurance Assistance Program (SHIP) counselors will offer free personalized counseling. Call 1-800-MEDICARE to get the telephone number of the SHIP nearest you.

The most important resource for people with Medicare is local community organizations, like you.

***Medicare & You***  
**Information and Assistance to Get  
Medicare Drug Coverage**

- Medicare is working with public and private groups to help people with Medicare understand
  - Medicare prescription drug coverage and
  - How to access this coverage
- Social Security Administration and the States are helping those eligible for extra help paying for prescription drug plans and those transitioning from State drug coverage

**Medicare & You Information and Assistance to Get Medicare Drug Coverage**

Community-level interaction is the key to helping people get Medicare drug coverage.

Medicare is working with:

- The Social Security Administration
- The aging community
- Other Federal, State, and local governments, and
- Community-level organizations

to inform people about Medicare drug plans and drug coverage beginning January 1, 2006.

The Social Security Administration has a significant field operation reaching out across the country to take applications for the extra help available to people with limited income and resources.

And, people may also apply for the extra help through their State.

## **Social Security Administration Working with Medicare**

- Spring
  - SSA will mail applications to people who may qualify for the extra help
  - Medicare will mail information to people who automatically qualify for extra help
- Early Summer
  - SSA will help people fill out applications
  - SSA will distribute Medicare information on drug coverage at outreach events

### **The Social Security Administration is Working with Medicare This Spring**

- SSA will mail applications to people who may qualify for the extra help paying the cost of Medicare prescription drug plans.
- Medicare will mail information to people who automatically qualify for the extra help.

### **Early Summer**

- SSA will be in the communities across the country helping people fill out applications.
- SSA will distribute Medicare information explaining drug coverage in the outreach events.

### **As we mentioned earlier, in the Fall**

- Medicare will mail the *Medicare & You 2006* handbook with information about drug coverage and the plans available locally.
- Medicare will work with public and private partners to reach out at the community level to help people understand their plan options and to enroll in the plan of their choice.



## **Thank You for Watching**

To learn more about how to partner with  
CMS at the community level, visit:

**<http://www.cms.hhs.gov/partnerships>**

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